



STATE OF IOWA

CHESTER J. CULVER, GOVERNOR
PATTY JUDGE, LT. GOVERNOR

DEPARTMENT OF HUMAN SERVICES
CHARLES J. KROGMEIER, DIRECTOR

INFORMATIONAL LETTER NO. 825

August 3, 2009

TO: Iowa Medicaid Intermediate Care Facilities for the Mentally Retarded

ISSUED BY: Iowa Department of Human Services, Iowa Medicaid Enterprise

RE: Inflation for Rates Effective July 1, 2009 - June 30, 2010

Each July 1, the Iowa Medicaid Enterprise (IME) calculates prospective reimbursement rates for intermediate care facilities for the mentally retarded (ICF/MR) to implement the new inflation factor based on the Consumer Price Index for all Urban areas (CPI-U) to reported costs and implement the new 80th percentile cap, in compliance with state statute and the state plan approved by the Centers for Medicare and Medicaid Services. The CPI-U for state fiscal year 2010 is .1%. However the Department realized that an inflation factor of .1% would result in a rate reduction for most ICF/MRs and was able to include language in House File 811 (HF-811) that would establish the inflation factor at 3.0% for rates effective July 1, 2009 through June 30, 2010 instead of .1%.

In order to apply the changes in the inflation factor a State Plan amendment must be filed with the Centers for Medicare and Medicaid Services (CMS). Therefore, the ICF/MR rates effective July 1, 2009 and thereafter will not be released until the Department of Human Services (DHS) has received approval of the State Plan Amendment (SPA) from CMS. Therefore you will continue to be paid at your most current rate effective prior to July 1, 2009, and should continue to bill for services using this rate.

Upon notification from CMS that the State Plan Amendment has been approved, a July 1, 2009, rate with updated inflation and 80th percentile cap will be entered into the MMIS Claims Processing System and a mass adjustment will be completed to re-price claims already submitted with dates of service on or after July 1, 2009.

Cost reports will still be due in accordance with Iowa Administrative Code 441 Chapter 82.5 (3) "no later than September 30." Upon notification from CMS that the State Plan Amendment has been approved, rates effective based on the submission of the cost report for the period ending June 30, 2009, will be entered into the MMIS Claims Processing System and a mass adjustment will be completed to re-price claims already submitted with dates of service on or after July 1, 2009. At that time, your remittance will include an adjustment to make your rate change retroactive to the rate effective date calculated based on the submission date of the cost report.

Should you have any questions, please contact the IME Provider Cost Audit and Rate Setting Unit at 515-725-1108 or (866) 863-8610, or via email at costaudit@dhs.state.ia.us.